

'It's going to take a village' to fix Forest Fair



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(Photo: Enquirer file)

The long-troubled Forest Fair Village needs a lot of love, but signs of change are popping up.

The mall's owner – New York-based World Properties – may be willing to sell the property and there's an out-of-town entity interested in buying it, according to Forest Park and Fairfield city officials. The cities are looking forward to the time the region's largest shopping mall can be redeveloped.

A sale would be the latest chapter in a tale that began in the 1980s with an Australian developer's decision to build a luxury shopping destination near two existing malls and away from suburban areas with higher population growth.

Two-thirds of the mall is in Forest Park and the other third's in Fairfield. If that were the only confusing thing about the development, things wouldn't be so bad.

Five owners have tried to improve the retail environment with mixed results.

The ownership changes have led to name changes. Current and former visitors of the site near Interstate 275 and Winton Road still call the venue Cincinnati Mills. Signs around the mall say Cincinnati Mall. Mall representatives told The Enquirer last year to use Forest Fair Village in upcoming stories. Web links about the mall's demise are easier to find on search engines than is the property's website.

"We're anxious to find the right partnership, the right group of developers and property owners to come in and redevelop the site," said Paul Brehm, economic development director for Forest Park.

Six years ago, he was hopeful Forest Fair could remain a strong retail site. That was one year before World Properties bought the mall. But the retail landscape has changed so much and it's time for something new, he said.

Economic development officials and real estate industry analysts say Forest Fair can't survive purely as a retail facility. Greater Cincinnati's northern suburbs are full of shopping options and Liberty Center in Liberty Township – which opens later this year – is expected to tilt the retail center further north.

Among Forest Fair's tenants are Bass Pro Shops, Kohl's, Babies"R"Us, a movie theater, Arcade Legacy, the Bee Fit Health Club, and Bee Active Adventure Zone. Outside the mall, Red Lobster, Chipotle Mexican Grill, and several other restaurants occupy out-lots. And mall occupancy will take a big hit in 2016, as the regional draw Bass Pro exits the mall for a new, larger West Chester Township store.

Tim Bachman, who leads Fairfield's development services department, said it's hard to track the number of mall owners and redevelopment plans since he has worked for the city. He hopes the site will live on as a mixed-use destination. It has great access to I-275 and high-visibility from it, he said.

The relationship between the two cities – and two counties – hasn't always been harmonious when it has come to Forest Fair. But now, there's a mutual understanding that residents and the business community need to help guide the site's future.

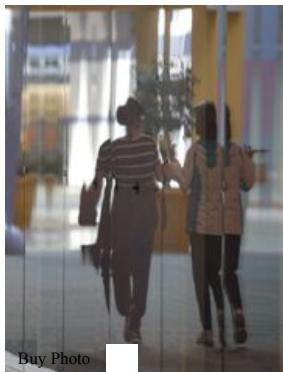
"It's going to take REDI Cincinnati, Forest Park, Fairfield, the Port (of Greater Cincinnati Development Authority)," Bachman said. "Hopefully all of us are marching in the same direction. It's literally going to take a village."

Redeveloping the site could offer Forest Park and Fairfield a project-ready site that could accommodate a wide range of users. Brehm said having the land available could have helped save jobs in Forest Park at Masters Pharmaceutical and Serta Simmons Bedding, both of which announced earlier this year they were moving to larger sites in Warren County.

Debt will be a concern

for a potential new owner

Any new mall owner will have to address the debt the property carries. The port issued \$18 million in bonds in 2004 to backstop a more than \$60 million redevelopment of the mall by Mills Corp. – the mall's owner at time. The port still owns the public improvements at the 96-acre site. The outstanding principal balance on that debt is about \$15.6 million, but the mall's current owner is making payments, according to Port Authority officials.



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When the bonds were issued, the now defunct Mills Corp. banked on rising property values keeping a steady pool of money available in a tax increment financing fund to service the debt. The deal among the port, the cities and the mall owner called for a special annual assessment if the TIF didn't generate enough revenue. This backstop was designed for the owner to protect the public parties, if there were a shortfall.

That's exactly what has happened. The TIF underperformed because changes in customer shopping habits, the Great Recession and the growth of retail options elsewhere sapped Forest Fair's property values.

The mall's property within the Fairfield school district now is worth about \$2.1 million, down 76 percent from a decade ago. Its property in the Winton Woods and Northwest school districts is worth about \$10.3 million, down 80 percent from a decade ago.

It costs about \$1.5 million a year to cover the bond payments on the mall's 2004 improvement, said Susan Thomas, vice president of public finance at the Port Authority.

Forest Park's Brehm thinks a sale is needed because he questions if the current owner has the financial resources to reposition the mall.

A representative of World Properties did not return multiple calls for comment.

When asked about a potential property sale, port spokeswoman Gail Paul said no redevelopment proposal had been presented.

Site's troubles began

with initial calculated risk

Parisian, Bonwit Teller, Sakowitz, bigg's and B. Altman were among the nearly 200 stores that opened in Forest Fair in 1989. That lineup underscores how retail has changed in the intervening quarter century; all these chains no longer exist.

Twenty-six years ago, Australian real estate magnate George Herscu saw an opportunity to develop high-end shopping malls in the United States and found Cincinnati a ripe market to accept stores commonly found on Fifth Avenue in Manhattan.

The venue was big. It had an indoor Ferris wheel. The Enquirer reported in 1990 that Herscu spent \$600,000 on a lavish dinner party to inaugurate the mall's opening. Herscu also heavily invested in many of the mall's biggest tenants, which later went bankrupt. He did too. The property was sold to a group of Herscu creditors in 1991.

When the investment was made in Forest Fair, Tri-County Mall in Springdale was the region's dominant mall. Kenwood Towne Centre in Sycamore Township was emerging as a retail powerhouse after venue upgrades.

Forest Fair "should have never been built," said Scott Saddlemire, principal of Sycamore Township-based retail brokerage OnSite Retail Group.

Saddlemire said the decline at the mall has been slow and painful. It's hard for underutilized, large shopping malls to make a comeback and locations around the country are littered with "dark" or abandoned properties.

The property will need to be completely repositioned to be successful, Saddlemire said. Some retail could work at the site, but it's more likely to live on as a corporate campus, education center or some other use.

"A new owner will look at this with a clean set of eyes," said Fairfield's Bachman. "We will know soon enough."

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Forest Fair Village, which is in both Forest Park and Fairfield, is empty except for a few businesses. (Photo: Enquirer file)

CHANGING TIMES

Ownership shifts have been common in the history of the shopping mall that straddles Forest Park and Fairfield. Some names have been changed to reflect owners' trade names. The owners have been:

- George Herscu's Retail Projects of Cincinnati Inc. (1986-1991)
- FFM Limited Partnership (1991-1996)
- Gator Investments (1996-2002)
- Mills Corp. (2002-2010)
- World Properties (2010-current)

Sources: Hamilton County Auditor's Office, Enquirer archives

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